Ricardo Laiseca

BBVA Investor Day: Global Markets Workshop

BBVA making the difference.
Overview of BBVA Global Markets

The Strength of BBVA Distribution Networks

In-House Product Development Expertise

Conclusions
Our guiding principle: Customer Focus

Global Markets:
Our target is to provide “Innovative Solutions” to meet our client needs

Leveraging on:

- Distribution potential of BBVA networks worldwide
- Strong in-house product development expertise

We aim to continue to increase our contribution to the Group with recurrent revenues, while maintaining a balanced diversification of clients, products and geographies.
BBVA Global Markets is a major part of Global Businesses Division

GM track record: High growth of sustainable client driven results

Improvement in the Revenue Mix

CAGR 04-06 44%, 728 Mn Euros

Low cost to income

Weight of GM revenues 9M07

Rest of Division 58%
Global Markets 42%

BBVA making the difference.
A diversified business with three axes

Breakdown of GM 9M07 Revenues *

By client
- Retail: 8%
- Investors: 40%
- SMEs: 32%
- Corporates: 20%

By country
- Spain: 63%
- Europe: 10%
- South America: 11%
- Mexico: 15%
- Others: 1%

By product
- Fixed Income: 41%
- Equity: 42%
- Credit: 10%
- Others: 7%

A segmented approach to provide a highly specialized service

* Revenues generated by Global Markets in Mexico and South America reported within these units
Key Strengths

- Capillarity of BBVA Network
- Product Innovation
- Diversification
- Growth Opportunities LatAm/Asia
- Risk Management
An integrated Business

Three regional Product Centers

Quants  Structuring  Research  Distribution  Trading

Madrid

Mexico

Hong Kong
Solid Risk Management

- Diversification of Risk
- An excellent track record
- Independently managed Market Risk department
- Usage of advanced models recognised by Regulators

Sound and independent Risk Management

Daily VaR (monthly average) (Min Euros)

Low volatility of Revenues
Variation coefficient for quarterly revenues: 17.30%

[Graph showing daily VaR (monthly average) with data points for Jan-06 to Oct-07]

[Bar chart showing variation coefficients for 4Q06, 1Q07, 2Q07, 3Q07 with 17.30% highlighted]
Our Main growth initiatives

**Plans/Focus**

- Equity Derivatives
- Regional Product Centre
- Riskpyme in Americas
- Asia

**Clients**

- Institutional
- Institutional & Corporates
- Retail & SMEs
- Institutional & Citic

**Product**

- New underlyings & products
- Structured products
- Tailored-made solutions
- Flow & Structured Products

**Region**

- Europe
- LatAm
- Americas
- Asia

CAGR 06-10

- +30%
- New
- +90%
- New

Front office staff reinforced by 135 people in 2007 (11% of headcount)

Our target is to double results by 2010
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Leveraging our distribution capacity…

Revenues generated by GM through BBVA networks

StockPyme and Riskpyme
Distribution of hedging products to BBVA’s retail and SME clients
A successful and exportable model
9M07 revenues in Europe by client

- Institutional Clients and Large Corporates 57%
- Retail and SME clients in Spain 43%
- CAGR 04-07e 51%

9M07 revenues in Europe
Breakdown of clients revenues from BBVA network

- Retail 12%
- Network in Spain 27%
- Others 61%

9M07 revenues in LatAm by client

- Institutional Clients and Large Corporates 71%
- Retail and SME clients in Latin America 29%

Breakdown of clients revenues from BBVA Bancomer Networks

- CAGR 05-07e 145%
- Corporate 24% of client revenues
- SME 19%
- Retail 57%
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A key growth driver: Structured products with high added value

New Product Development: 100% revenue growth in 2007
- New structures
- New underlyings
- Mix of structures/underlyings

Moving towards high margin products
Global demand for Equity Derivatives, Structured Equity and Flow products will grow annually at 15%, 20% and 10% respectively*.

- Increasing personal wealth: higher demand for capital protection and optionality.
- New players with more sophisticated demands.
- Widespread usage of alternative investment products.
- Demand for exposure to new underlyings.

A high profit business with superior growth potential

Equity Derivatives: Favourable Market Trends

Today Equity Derivatives represents 60% of the Equity business

Revenues in our Equity Derivatives Business

* According to JP Morgan estimates
Our Competitive Advantages

- High flow of new equity ideas implemented efficiently for customers
- Sound and global risk management models
- Strong balance sheet
- Capillarity of BBVA networks

Targets of 2007-2010 Plan

- Global Distribution platform
  - To enhance our product capabilities:
    - Global stocks under coverage
    - Strengthen Sale and Structuring teams

CAGR 06-10e Revenues +30%

An example of in-house product development: Equity Derivatives
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An opportunity for Growth

- Leveraging the value of BBVA networks
- Focusing on value added products
- Exporting our business model to LatAm and Asia

Our Growth initiatives are making the most of our strengths

- Capillarity of BBVA Network
- Product Innovation
- Diversification
- Growth Opportunities LatAm/Asia
- Risk Management

Our target is to double results by 2010

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